NKANDLA LOCAL MUNICIPALITY

KZN286

MTREF FINAL BUDGET REPORT

MFMA SECTION 16, BUDGET AND REPORTING REGULATIONS

2015/2016

Table of Contents

PART 1 – DRAFT BUDGET 1		Pages
1.1	MAYOR'S REPORT	3-7
1.2	COUNCIL RESOLUTIONS	8
1.3	EXECUTIVE SUMMARY	9-10
1.4	OPERATING REVENUE FRAMEWORK	11-15
1.5	OPERATING EXPENDITURE FRAMEWORK	16-18
1.6	CAPITAL EXPENDITURE	19
1.7	ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	20

PART 2 – SUPPORTING DOCUMENTATION		
2.1	**OVERVIEW OF THE ANNUAL BUDGET PROCESS**	**29-32**
2.2	OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	32-37
2.3	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	38
2.4	OVERVIEW OF BUDGET RELATED-POLICIES	38
2.5	OVERVIEW OF BUDGET ASSUMPTIONS	39
2.6	OVERVIEW OF BUDGET FUNDING	40
2.7	EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	41
2.8	COUNCILLOR AND EMPLOYEE BENEFITS	42
2.9	MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	42
2.10	CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	50
2.11	CAPITAL EXPENDITURE DETAILS	50
2.12	LEGISLATION COMPLIANCE STATUS	54-55
2.13	OTHER SUPPORTING DOCUMENTS	55
2.14	MUNICIPAL MANAGER'S QUALITY CERTIFICATE	56

PART1 – FINAL ANNUAL BUDGET

1.1MAYORAL REPORT

In accordance with the mandate granted in the Municipal Finance Management Act, the honourable mayor of Nkandla presented to all Municipal Stakeholders the 2015/16 Budget Report. Section 24(1) of the Local Government*: Municipal Finance Management Act, 56 of 2004 (MFMA) states that:*

> *The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.*

Amongst the stakeholders present when the Budget was presented were the council for Nkandla,Nkandla community,Internal Auditors and other stakeholders. In alignment with the goals of the council,local challenges and priorities of our local communities, the main focal areas include Job Creation, economic development, Strategic Infra-structure, Response to Climate Change, Spatial Equity, Human Resource Development , Human & Community Development as well as Governance & Policy. The Municipality has set its objectives within its five year IDP to ensure that this Municipality plays a visible role in advancing the objectives of our communities and province and that all its operations as a municipality are in harmony with the strategic focus areas of the Province of KwaZulu-Natal and of the country as whole.

The Municipality has been able to attract investors and that is why the KFC has been opened with other shops. The petrol filling station is also on the pipeline as one of developments that are important for business people, government departments and the community of Nkandla.

As from the beginning of this financial year much progress have been made in reducing electricity loss even though there is a major electricity outages but this is due to ageing infrastructure that the municipality is still sourcing funds to deal with the situation. The Unqualified Audit report has been maintained, The antifraud and anti-corruption strategy has been developed, fully functional oversight committees have been established which including the Audit committee ,internal Auditors and MPAC and we are convinced that we have applied a value for money and redress to our community and we are hopeful that by the going forward more will achieved.

Despite all the blatant challenges that the Municipality faces including poor sources of revenue and poor revenue collection which results to back-logs, minimal economic activities and high poverty. The revenue collection strategy has been developed and it will be approved by council in the first quarter. It will play a major role in mitigating the under collection of revenue the effective public participation meetings will be improved particularly, the Ward Committees which are the legal structure representing all interest groups within Nkandla.

2015/16 FINAL ANNUAL BUDGET OVERVIEW

The total Budget for the Municipality for 2015/2016 is **R180 092403.00**, and with this budget, the Municipality is planning to address issues that really affects the people of Nkandla and we want to do things now. For two outer years 2016/2017 financial year, the budget is standing at **R194 798217.00** and for 2017/2018 the budget will be **R170 147875.00.**

The municipality is also complying with section 153 of the Constitution of the Republic of South Africa, Act 108 of 1996 to-

a) *Structure and manage the administration, budgeting and planning processes of the municipality to give priority to the basic needs of the community, and to promote the social and economic development of our communities, and*
b) *Participate in national and provincial development programmes.*

Chapter 4 of MFMA dictates that, the Council of the Municipality must for each financial year approve an annual budget for the Municipality before the start of the new financial year. This is the reason why I'm tabling this budget to this Council.

- People of Nkandla need real service delivery now without any form of discrimination.
- Budget will ensure that lives of Nkandla people changes for the better.

In preparation for this year IDP and Budget the municipality came up with a public participation plan to engage the community in all 14 wards. The Municipality has again ensured that our Public Participation unit is more visible to the community to get community needs which informtoday's Budget and IDP for 2015/2016. Chapter 4 of the Municipal Systems Act which encourages and creates conditions for the local community to participate in affairs of the Municipality including in;

- The preparation , implementation and review of its Integrated Development Plan in terms of Chapter 5 of the Municipal Systems Act No. 32 of 2000

The Municipality has set aside an amount of **R1 000 000.00**for sports for 2015/2016 financial year and this proves that the municipality will definitely reach its destiny steady but surely. There are other Sporting codes that are going to get support; this is evident by Boxing Sporting code and Netball that are going to participate in 2015 Mayoral Cup.

The honourable mayor announced that, the municipality has assisted 30 learners with bursaries to further their studies in Tertiary institutions and we must be proud of that, because we believe we can change lives of the people of Nkandla through Education. An amount of **R1 500 000.00** has been set aside to hire Grader to deal with our access roads and sports field in different areas around Nkandla.

After having done the public participation rounds for the whole municipal area, It came to the council's attention that these are the common needs for people of Nkandla.

Water (all wards),Roads (access roads),Causeways, Electricity (Infill's),Illegal Users Of Electricity (Izinyoka), Community Service Centres, Fencing of Grazing Land, Fencing of Community Gardens, Clinics, Bursaries, Network Connection, Sport Fields .Accessibility of other sector departments.

This budget aims to address the above-mentioned community needs. Some do not fall under the municipal functions but the municipality must facilitate the delivery of these services to othe people.

The Municipal Budget is divided into two categories:

- Capital Budget as well as
- Operational budget.

The municipal vision is to become:

'A high performing rural municipality, driven by continuous improvement of quality of life for Nkandla citizens

In support of our vision on improving the quality of life for Nkandla Citizen I present the budget Break down as it is:

Operational Grants:	R 86 720 000.00
Capital Grants:	R 57 188 000.00
Total Grants:	**R 143 908 000.00**

Services which include Electricity & Refuse	R 17 338 000.00
Rates:	R 8 203 000.00
Other income	R 11 554 000.00
Total Generated Income (Other incomes)	**R 37 095 000.00**

CAPITAL BUDGET

All capital projects are funded by the Municipal Infrastructure Grant (MIG).

The Capital projects for 2015/2016 financial year are as follows:

	YTD (2014/15)	2015/16	2016/17
		27 691 252.40	22 930 000.00
Emathengeni Access Road	R 1 900 000.00	R 6 600 000.00	R 4 500 000.00
Ezimvubu Gravel Road	R 1 800 000.00	R 2 903 252.40	
KwaNtshiza Access Road	R 787 479.00	R 3 000 000.00	R 6 655 456.80
Bhacane to Malunga		R 3 000 000.00	R 4 500 000.00
Nkomeziphansi Road		R 3 688 000.00	R 2 274 543.20
Nkethabaweli to Manzawayo Road		R 3 000 000.00	R 5 000 000.00
Vumanhlamvu CSC		R 3 500 000.00	
Completion of Matshenezimpisi		R 2 000 000.00	R 0.00
	R 4 487 479.00	**R 27 691 252.40**	**R 22 930 000.00**

Projects funded by the municipality:

Local Economic Development	R 3 000 000.00
Youth Development Program	R 1 350 000.00
Women empowerment	R 250 000.00
Early Childhood Development	R 1 500 000.00
Sports & Recreation	R 1 000 000.00
Library	R 450 000.00
HIV/AIDS	R 500 000.00
Disaster Management	R 1 100 000.00
Cultural Development	R 700 000.00
Disability	R 250 000.00
Senior Citizens	R 250 000.00
Communication & Publications	R 2 400 000.00

The credit controlpolicy is being reviewed will assist the municipality in developing new revenue enhancement mechanisms and also minimising the volume of distribution losses with regards to electricity.

TARIFFS

The inflation rate of 4.8% will apply to all municipal tariffs (based on the current CPI as gazetted by National Treasury: Circular 75). This includes some of the following:

Property Rates

Service Charges

Permits

Hire of Municipal Facilities, etc.

The honourable mayor is grateful about the level of commitment showed by municipal officials in producing these two critical regulated documents (IDP & Budget). The support, dedication and cooperation showed by the Management Committee should not go unnoticed.

1.2 COUNCIL RESOLUTIONS

1.1 Council Resolutions

On 28 May 2015 the Council of Nkandla Local Municipality met in the Council Chambers of Nkandla to consider the Final Annual budget of the municipality for the financial year 2015/16. The Council approved and adopted the following resolutions:

1. The Council of Nkandla Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

    1.1. The Final Annual budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:

    1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)

    1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)

    1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) and

    1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables.

2. The Council of Nkandla Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:
   2.1. the tariffs for property rates
   2.2. the tariffs for electricity
   2.3. the tariffs for solid waste services
   2.4. and other service tariffs

3. To give proper effect to the municipality's annual budget, the Council of Nkandla Local Municipality approves:
   3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Nkandla's financial plan is essential and critical to ensure that the Nkandla remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Nkandla's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, accommodation, and catering.

The Nkandla has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Nkandla has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities.
- The increased cost of electricity(Eskom), which is placing upward pressure on service tariffs to residents.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

TOTAL OPERATING BUDGET 2015/2016, 2016/2017 & 2017/2018					
SUMMARY OF ESTIMATES 2015/2016 FINACIAL YEAR					
	Budget 2014/15	Adjustments budget 2014/2015	Budget 2015/16	Budget 2016/17	Budget 2017/18
PROPERTY RATES	5 400 000	7 700 000	**7 793 600**	8 253 422	8 715 614
PROPERTY RATES COLLECTION CHARGES	125 000	390 000	**408 720**	432 834	675 222
SERVICE CHARGES	16 531 876	17 758 633	**17 338 263**	18 361 220	19 389 449
RENTAL OF FACILITIES	491 500	255 000	**893 065**	945 756	998 718
INTEREST EARNED	1 460 000	500 000	**1 100 000**	1 164 900	1 230 134
LICENCES & PERMITS	10 000	10 000	**20 000**	21 180	22 345
OPERATING TRANSFERS	71 044 000	70 946 000	**86 720 000**	84 981 000	81 778 000
CAPITAL TRANSFERS	25 582 000	25 582 000	**57 188 000**	65 930 000	44 041 000
OTHER REVENUE	9 822 146	7 215 000	**9 541 766**	14 973 730	13 805 859
TOTAL REVENUE	**130 466 522**	**130 356 633**	**181 003 414**	**195 064 043**	**170 656 341**
OPERATING EXPENDITURE					
EMPLOYEE RELATED COSTS	28 325 803	32 166 204	**37 456 601**	39 666 540	41 887 866
REMUNERATION OF COUNCILLORS	7 274 116	7 274 116	**7 623 274**	8 073 047	8 525 138
FINANCE CHARGES	81 709	-	**83 000**	87 897	92 819
CONTRACTED SERVICES	6 930 000	9 430 000	**7 504 400**	7 947 160	7 431 932
OTHER EXPENDIRUE	48 441 467	37 639 571	**57 871 128**	59 997 980	57 282 365
REPAIRS AND MAINTENANCE	9 832 750	10 574 500	**10 866 000**	11 507 094	9 209 299
CAPITAL EXPENDITURE	3 955 000	5 900 000	**1 500 000**	1 588 500	1 677 456
Capital Expenditure (PROJECTS)	25 582 000	25 582 000	**57 188 000**	65 930 000	44 041 000
TOTAL EXPENDITURE	**130 422 845**	**128 566 392**	**180 092 403**	**194 798 217**	**170 147 875**
NETT DEFICIT/-SURPLUS	**43 677**	**1 790 242**	**911 011**	**265 826**	**508 466**
SALARIES AND WAGES AS A PERC	**27%**	**31%**	**25%**	**25%**	**30%**

1.4 OPERATING REVENUE FRAMEWORK

For Nkandla municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. But in these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty, at the same time, we do not have core sources of funding in exception of government Grants. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal environment and continued economic development;
- Efficient revenue management, which aims to ensure a reasonable percentage annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.
- Revenue enhancement strategy

- ✓ The municipality has budgeted an overall increase of 6.18 which is in line with inflation of 6%
- ✓ The budgeted amount of 16 million for service charges is achievable in light of the credit control policy that has been adopted by council in the previous year and actual collection in previous year.
- ✓ Municipality has a new approved valuation roll that has been adopted by the council, Public was invited to be informed with the new valuation and given the opportunity to dispute the value as per valuation roll in line with MPRA,this has led to increase of revenue to be collected from the property rate by 20% compared to the adjusted budget, large portion of this amount comes from government building and commercial building whereby collection has not been a challenge.
- ✓ The revenue from property rate is expected to increase over the next three years as there are numerous development that are expected to take place e.g. Mall.

The following table is a summary of 2015/16 MTREF

Table 2 Summary of revenue classified by main revenue source.

KZN286 Nkandla - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	1 494	1 667	6 912	5 400	7 700	7 700	–	7 794	8 254	8 716
Property rates - penalties & collection charges		–	–	–	125	390	390		409	433	675
Service charges - electricity revenue	2	2 569	6 591	10 669	14 500	14 500	14 500	–	13 800	14 614	15 433
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	378	601	734	420	100	100	–	394	417	441
Service charges - other		67		–	12	159	159	–	–	–	–
Rental of facilities and equipment		355		838	492	255	255	–	893	946	999
Interest earned - external investments		1 577	1 588	1 288	1 460	500	500	–	1 100	1 165	1 230
Interest earned - outstanding debtors		–	1 301	1 790	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	10	10	10	–	20	21	22
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		44 866	60 255	54 265	71 044	70 946	70 946	–	86 720	84 981	81 778
Other revenue	2	609	1 546	1 526	11 422	7 215	7 215	–	12 686	13 434	14 187
Gains on disposal of PPE		40	486	–	–	3 000	3 000	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		51 954	74 036	78 023	104 885	104 775	104 775	–	123 815	124 265	123 480

Summary of operating revenue from the frame work.

SUMMARY OF ESTIMATES 2015/2016 FINACIAL YEAR					
	Budget 2014/15	Adjustments budget 2014/2015	**Budget 2015/16**	**Budget 2016/17**	**Budget 2017/18**
PROPERTY RATES	5 400 000	7 700 000	**7 793 600**	8 253 422	8 715 614
PROPERTY RATES COLLECTION CHARGES	125 000	390 000	**408 720**	432 834	675 222
SERVICE CHARGES	16 531 876	17 758 633	**17 338 263**	18 361 220	19 389 449
RENTAL OF FACILITIES	491 500	255 000	**893 065**	945 756	998 718
INTEREST EARNED	1 460 000	500 000	**1 100 000**	1 164 900	1 230 134
LICENCES & PERMITS	10 000	10 000	**20 000**	21 180	22 345
OPERATING TRANSFERS	71 044 000	70 946 000	**86 720 000**	84 981 000	81 778 000
CAPITAL TRANSFERS	25 582 000	25 582 000	**57 188 000**	65 930 000	44 041 000
OTHER REVENUE	9 822 146	7 215 000	**9 541 766**	14 973 730	13 805 859
TOTAL REVENUE	**130 466 522**	**130 356 633**	**181 003 414**	**195 064 043**	**170 656 341**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Section 18 of the Municipal Finance Management Act 2003 which deals with the funding of expenditure states that revenue projection in the budget must be realistic, taking into account projected revenue for the current year based on collection levels to date and actual revenue collected in previous years.

Property Rates: Nkandla Municipality has increased its budget for 15/16 property rates to R8 203 000 because it has based its collection on the actual amount collected during the 2014/15 adjustment budget which is R 7 700 000.

Category of Property (Code)	Category of Property (Description)	Roll Count	Total Roll Extent (m²)	Total Roll Value (R)	Rateable Value (R)	Gross Tariffs	Rebates	Net Tariff	Rates Income	Ratio
AGR	Agriculture	3	330916	R 56 000	R 56 000	0.0026	0%	0.0026	R 145.60	0.25
BUS	Business	70	7934412	R 76 590 000	R 76 590 000	0.0325	0%	0.0325	R 2 488 256	3.10
WOR	Place of Worship	3	12141	R 1 870 000	R 1 870 000	0.0189	100%	0.0000	R 0	0.00
PRO	Protected Areas	2	45734552	R 11 000 000	R 11 000 000	0.0000	0%	0.0000	R 0	0.00
PBO	Public Benefit Organisation	6	34340	R 11 235 000	R 11 235 000	0.0000	0%	0.0000	R 0	0.00
PSI	Public Service Infrastructure	7	245845	R 95 000	R 95 000	0.0000	0%	0.0000	R 0	0.00
RES	Residential	615	322333	R 72 878 000	R 23 678 000	0.0105	0%	0.0105	R 248 145	1.00
SPL	Specialized Property	18	251029	R 79 630 000	R 79 630 000	0.0000	0%	0.0000	R 0	0.00
STA	State Owned Property	340	25257438	R 361 708 000	R 271 281 000	0.0325	0%	0.0325	R 8 813 377	3.10
STL	State Trust Land	72	1860050455	R 115 590 000	R 115 590 000	0.0026	0%	0.0026	R 302 846	0.25
VAC	Vacant Land	266	294101	R 8 090 500	R 8 090 500	0.0157	0%	0.0157	R 127 183	1.50
					R 0					
					R 0					
					R 0					
					R 0					
					R 0					
TOTAL		**1402**	**1940467562**	**R 738 742 500**					**R 11 979 953**	
								70%	**R 8 385 967**	

The Municipality has done an analysis of its tariffs looking at exemptions, reductions and impermissible rates and the analysis has concluded that the municipality will be able to collect property rates revenue budget.

Service Charges: Electricity Revenue: Nkandla Municipality has increased its budget for 15/16 electricity revenue to R19.4 million. This is based on the increment that the municipality will get on collection from increased tariffs from NERSA.Service Charges includes the amount of R19.4 million for the sale of electricity, The municipality will be changing all electricity metres to avoid bypassing of electricity thereby enhancing revenue income.

Service Charges: Refuse: Nkandla Municipality has increased its budget for 15/16 refuse revenue from R100 000 to R350 000. Nkandla Municipality has passed a council Resolution of recovering refuse money through the process of Section of the MSA where every time a purchase of electricity is made 50% of it will be deducted and it will be taken to decrease refuse account of that debtor.

Rental of facilities and equipment: Nkandla Municipality has increased its budget for Rentals to R893 000 because it has increase the base of its tenants. The municipality has not been receiving any rent for Tenants that occupy rooms at Lindela Community Service Centre and it has now signed Lease agreements with owners that occupy the place and it aims to receive more rent from there.

Licences and permits: Nkandla Municipality has increased its budget for Rentals to R20000 for 15/16 financial year because it has come with ways to ensure that all taxi and bus owners that have stand in the taxi rank do pay

Other Revenue:

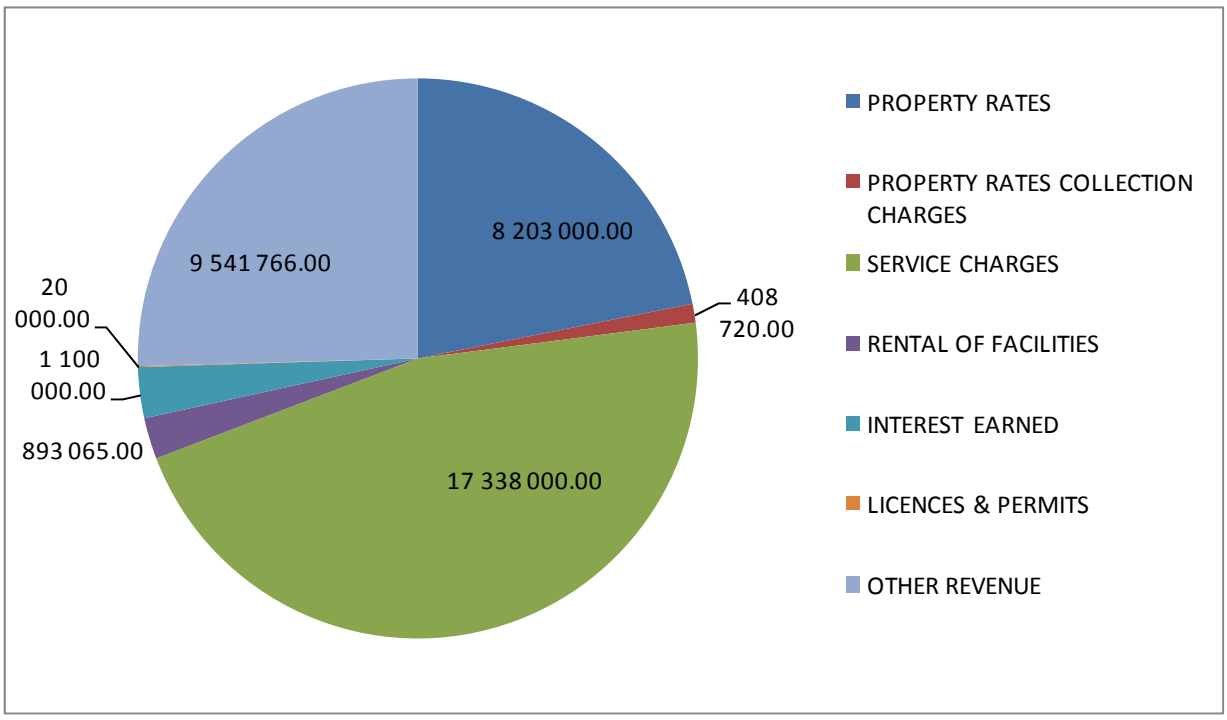
Connection Fees: Connection Fees have increased from R150 000 to R205 551.90., this is based on the actual amount collected as per Adjustment Budget. There are new developments one mall and a Shopping Centre which the municipality aims to receive more from through connection of electricity.

Motor Licence Fees, Learners Licence Fees, Learners Licence Issue Fees, Penalties and Fines: The municipality aims to receive revenue through a new traffic unit that is to be established.

The municipality has also establish new revenue sources which are Building Plan Reproduction, Rates Clearance Certificate Issue, Valuation Certificate Issue, Sale of Valuation Roll copy, Zoning subdivision and consolidation fee, Sale of printing maps, Electricity meter upgrade and conversion, Disconnection fee ,Tampering Fees, Swimming pool fees and advertising bill board.

Other revenue is inclusive of VAT refund of R9.5 million

OPERATING REVENUE PIE CHAT



Operational Grants allocated for the municipality

[redacted]

The total operating grants for 2015/16 is R86.7 million. The outer years are decreased by 2 percent and 3.75 per cent.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term.

Operating Transfers and Grants										
National Government:		42 481	46 537	58 202	70 359	70 261	70 261	85 997	84 220	80 978
Local Government Equitable Share		40 191	43 237	52 832	65 977	65 879	65 879	82 242	81 438	78 045
Finance Management		1 500	1 500	1 650	1 800	1 800	1 800	1 800	1 825	1 900
Municipal Systems Improvement		790	800	890	934	934	934	930	957	1 033
EPWP Incentive		–	1 000	2 830	1 648	1 648	1 648	1 025	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		183	342	658	685	685	685	553	586	618
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Provincialisation of libraries		183	342	658	685	685	685	553	586	618
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	170	180	190
		–	–	–	–	–	–	–	–	–
Community library Service		–	–	–	–	–	–	170	180	190
Total Operating Transfers and Grants	5	42 664	46 879	58 860	71 044	70 946	70 946	86 720	84 986	81 787

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Nkandla municipality's 2014/15 Adjustment Budget and MTREF
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

The budgeted allocation for employee related costs for the 2015/16 financial year totals R35.3 million, which is less 35 per cent of the total operating expenditure. The increment for employees related cost is not finalised since SALGA is still negotiating with the UNIONS.The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The operating expenditure for 2015/2016 year has been appropriated at R180 092 403.00 and translate into a budgeted surplus of R 911 011.00. When compared to 2014/2015 adjustments budget, operational expenditure has 22.57 increased per cent.

OPERATING EXPENDITURE					
EMPLOYEE RELATED COSTS	28 325 803	32 166 204	**37 456 601**	39 666 540	41 887 866
REMUNERATION OF COUNCILLORS	7 274 116	7 274 116	**7 623 274**	8 073 047	8 525 138
FINANCE CHARGES	81 709	-	**83 000**	87 897	92 819
CONTRACTED SERVICES	6 930 000	9 430 000	**7 504 400**	7 947 160	7 431 932
OTHER EXPENDIRUE	48 441 467	37 639 571	**57 871 128**	59 997 980	57 282 365
REPAIRS AND MAINTENANCE	9 832 750	10 574 500	**10 866 000**	11 507 094	9 209 299
CAPITAL EXPENDITURE	3 955 000	5 900 000	**1 500 000**	1 588 500	1 677 456
Capital Expenditure (PROJECTS)	25 582 000	25 582 000	**57 188 000**	65 930 000	44 041 000
TOTAL EXPENDITURE	**130 422 845**	**128 566 392**	**180 092 403**	**194 798 217**	**170 147 875**
NETT DEFICIT/-SURPLUS	**43 677**	**1 790 242**	**911 011**	**265 826**	**508 466**
SALARIES AND WAGES AS A PERC	**27%**	**31%**	**25%**	**25%**	**30%**

Employees related Costs

The employees related cost increased by 6.8 to accommodate SALGA negotiations with unions which are currently in place.Salaries for Section 56 managers have decreased because there is one director that is employed under the new COGTA guidelines.Another reason for increase in salaries and allowances is the establishment of a New Unit (Traffic Unit), posts have been advertised and vacancies will be filled from July 2015.

Pension Contributions for other municipal staff for 2015/16 financial year have been increased because of new staff establishment (Traffic Unit) that have been introduced.

Motor Vehicle Allowance: Councillors: The motor expenditure has increased from R2 000 000 to R4 000 000 because from July 2015 the municipality will offer car allowances for Speaker and Deputy Mayor.

Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Nkandla's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of Nkandla.

The Following table gives a breakdown of Repairs and Maintenance for 2015/16 financial year

REPAIRS AND MAINTENANCE	**9 832 750.00**	**10 574 500.00**	**10 866 000.00**	**11 507 094.00**	**12 151 491.26**
Buildings	906 200.00	600 000.00	1 400 000.00	1 482 600.00	1 565 625.60
Furniture and Equipment	100 000.00	100 000.00	116 000.00	122 844.00	129 723.26
Public facilities	2 000 000.00	1 000 000.00	1 300 000.00	1 376 700.00	1 453 795.20
Computers	26 550.00	-	50 000.00	52 950.00	55 915.20
Standby generator	100 000.00	-	-	-	-
Roads and storm water	2 500 000.00	1 000 000.00	1 100 000.00	1 164 900.00	1 230 134.40
Street lights	200 000.00	174 500.00	1 000 000.00	1 059 000.00	1 118 304.00
Electricity Infrastruture	3 800 000.00	7 000 000.00	5 000 000.00	5 295 000.00	5 591 520.00
Vehicles	200 000.00	700 000.00	900 000.00	953 100.00	1 006 473.60

The total percentage of Repairs and Maintenance is 7.4% which is less than norm set by Circular 66 which is 8%. The reason for this is because the municipality have infrastructural buildings such as Community Service Centres which it takes them time to decrease its value. The municipality has established Facility Maintenance Committees so it takes for building to lose its value.

Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality, this group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Motor Vehicle allowances for Senior Managers: This has increased from R33 000 to R933 000 because this accommodates travelling allowances and S & T claims.

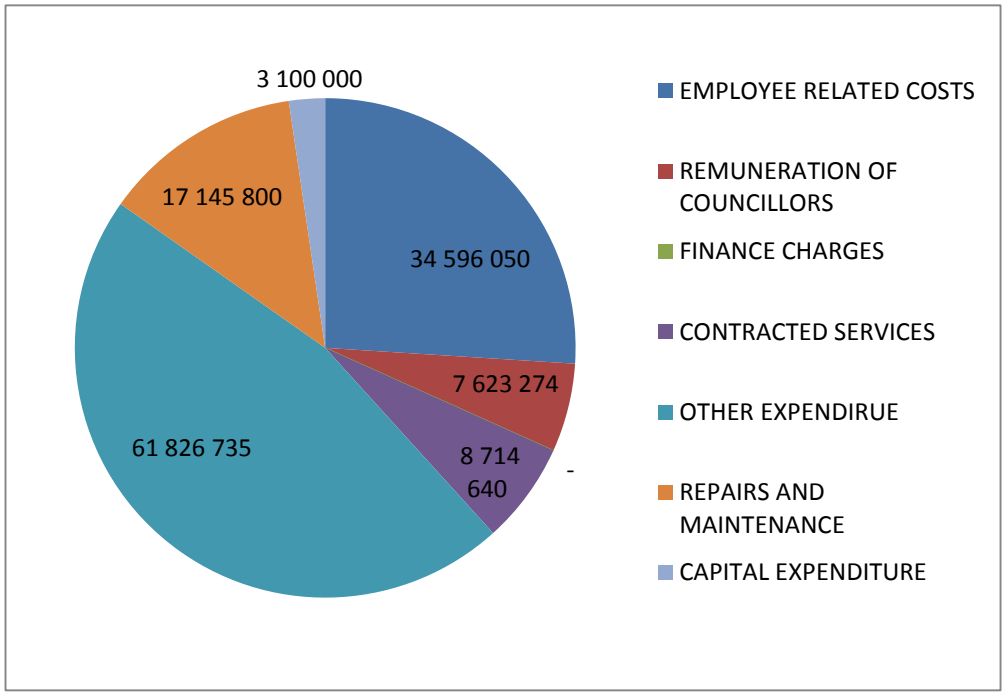
Motor Vehicle allowances for other municipal staff: This has increased from R1.8 millionto R3.2 million because this accommodates car allowances for field workers and Engineering Technicians. As part of a strategy to decrease fuel and petrol expenditure, the municipality has opted to give car allowances to all workers that are usually working out of the office.

Cell phone allowances for all municipal staff: This has increased from R48 000to R323 400 because this accommodates, Senior Managers, Assistant Directors, Public Participation workers and Engineering Technicians. As part of a strategy to decrease telephone and cell phone expenditure, the municipality has opted to give cell phone allowances car allowances to all workers that are usually working out of the office.

Overtime: Overtime have increased from R32 000.00 to 730 000.00 in the 2015/16 financial year, this includes overtime for all employees that earns below the minimum threshold. It also includes Standby Allowances for all engineering technicians and Artisans.

General Expenses: General expenses line for Nkandla Municipality exceeds 10% as per MFMA Budget Format Guide: General Expenses this is because the budget format from National Treasury has few specific lines for general expenses compared to the number of expenditures we budget for as Nkandla Municipality.

The Following table gives a breakdown of the operating expenditure for 2015/16 financial year.



1.6 CAPITAL EXPENDITURE

	YTD (2014/15)	2015/16	2016/17
		27 691 252.40	22 930 000.00
Emathengeni Access Road	R 1 900 000.00	R 6 600 000.00	R 4 500 000.00
Ezimvubu Gravel Road	R 1 800 000.00	R 2 903 252.40	
KwaNtshiza Access Road	R 787 479.00	R 3 000 000.00	R 6 655 456.80
Bhacane to Malunga		R 3 000 000.00	R 4 500 000.00
Nkomeziphansi Road		R 3 688 000.00	R 2 274 543.20
Nkethabaweli to Manzawayo Road		R 3 000 000.00	R 5 000 000.00
Vumanhlamvu CSC		R 3 500 000.00	
Completion of Matshenezimpisi		R 2 000 000.00	R 0.00
	R 4 487 479.00	**R 27 691 252.40**	**R 22 930 000.00**

Nkandla Municipality: Electricity Prioritized Projects

Electrification Prioritized Projects 2015/16

Priority Project Name	Gross Budget	Eskom's 5%	Net Budget
Makhanyezi	R2 093 000.00	R104 650.00	R1 988 350.00
Ezijibeni	R1 978 000.00	R98 900.00	R1 879 100.00
Dlolwane	R1 817 000.00	R90 850.00	R1 726 150.00
Masolosolo	R1 610 000.00	R80 500.00	R1 529 500.00
Ntshiza	R2 750 000.00	R137 500.00	R2 612 500.00
Vuntshini/Madlozi	R3 119 000.00	R155 950.00	R2 963 050.00
Sixhokolo/Mpondo	R1 633 000.00	R81 650.00	R1 551 350.00
Nhloshane	R8 000 000.00	R400 000.00	R7 600 000.00
Thaleni/Vimbimbobo	R4 500 000.00	R225 000.00	R4 275 000.00
Vumanhlamvu	R3 000 000.00	-	R3 000 000.00
Sidasha/Qothu/Malunga	R4 500 000.00	R225 000.00	R4 275 000.00
TOTAL	**R 35 000 000.00**	**R 1 375 000.00**	**R 33 400 000.00**

Electrification Prioritized Projects 2016/17

Priority Project Name	Gross Budget	Eskom's 5%	Net Budget
Makhanyezi	R 2 000 000.00	R 125 000.00	R 2 375 000.00
Ezijibeni	R 2 000 000.00	R 125 000.00	R 2 375 000.00
Dlolwane	R 2 000 000.00	R 125 000.00	R 2 375 000.00
Masolosolo	R 2 000 000.00	R 100 000.00	R 1 900 000.00
Ntshiza	R 5 000 000.00	R 250 000.00	R 4 750 000.00
Vuntshini/Madlozi	R 3 500 000.00	R 175 000.00	R 3 325 000.00
Sixhokolo/Mpondo	R 1 500 000.00	R 750 000.00	R 1 425 000.00
Nhloshane	R 8 000 000.00	R 400 000.00	R 7 600 000.00
Thaleni/Vimbimbobo	R 5 000 000.00	R 250 000.00	R 4 750 000.00
Sidasha/Qothu/Malunga	R 7 500 000.00	R 375 000.00	R 7 125 000.00
Vumanhlamvu	R 5 000 000.00	--	R 5 000 000.00
TOTAL	**R 43 000 000.00**	**R 2 375 000.00**	**R 40 625 000.00**

Electrification Prioritized Projects 2017/18

Priority Project Name	Gross Budget	Eskom's 5%	Net Budget
Dlolwane	R 1 500 000.00	R 75 000.00	R 1 425 000.00
Masolosolo	R 1 500 000.00	R 75 000.00	R 1 425 000.00
Ntshiza	R 4 000 000.00	R 200 000.00	R 3 800 000.00
Vuntshini/Madlozi	R 1 500 000.00	R 75 000.00	R 1 425 000.00
Sixhokolo/Mpondo	R 1 500 000.00	R 75 000.00	R 1 425 000.00
Nhloshane	R 4 000 000.00	R 200 000.00	R 3 800 000.00
Thaleni/Vimbimbobo	R 2 000 000.00	R 100 000.00	R 1 900 000.00
Sidasha/Qothu/Malunga	R 4 000 000.00	R 200 000.00	R 3 800 000.00
TOTAL	**R 20 000 000.00**	**R 1 000 000.00**	**R 19 000 000.00**

1.7 ANNUAL BUDGET TABLES

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council.

KZN286 Nkandla - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance										
Property rates	1 494	1 667	6 912	5 525	8 090	8 090	–	8 203	8 687	9 391
Service charges	3 014	7 193	11 403	14 932	14 759	14 759	–	14 194	15 031	15 873
Investment revenue	1 577	1 588	1 288	1 460	500	500	–	1 100	1 165	1 230
Transfers recognised - operational	44 866	60 255	54 265	71 044	70 946	70 946	–	86 720	84 981	81 778
Other own revenue	1 004	3 333	4 154	11 924	10 480	10 480	–	13 599	14 401	15 208
Total Revenue (excluding capital transfers and contributions)	51 954	74 036	78 023	104 885	104 775	104 775	–	123 815	124 265	123 480
Employee costs	11 554	15 986	24 055	28 326	32 166	32 166	–	37 457	36 637	38 689
Remuneration of councillors	4 872	5 459	6 731	7 274	7 274	7 274	–	7 623	8 073	8 525
Depreciation & asset impairment	4 178	4 672	5 144	2 466	2 466	2 466	–	2 585	2 737	2 890
Finance charges	222	–	–	82	–	–	–	83	88	93
Materials and bulk purchases	6 080	8 031	8 073	12 513	12 513	12 513	–	16 000	16 944	17 893
Transfers and grants	8 413	3 415	–	–	–	–	–	830	879	928
Other expenditure	25 112	27 905	47 402	51 684	48 534	48 534	–	58 327	63 603	67 155
Total Expenditure	60 432	65 468	91 405	102 345	102 954	102 954	–	122 904	128 961	136 173
Surplus/(Deficit)	(8 478)	8 568	(13 382)	2 539	1 820	1 821	–	911	(4 696)	(12 693)
Transfers recognised - capital	35 881	28 783	29 327	25 582	25 582	25 582	–	57 188	65 930	44 041
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	27 403	37 351	15 945	28 121	27 402	27 403	–	58 099	61 234	31 348
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	27 403	37 351	15 945	28 121	27 402	27 403	–	58 099	61 234	31 348
Capital expenditure & funds sources										
Capital expenditure	41 242	31 244	52 461	26 737	31 482	31 482	–	60 208	69 128	47 418
Transfers recognised - capital	36 159	29 252	49 148	25 582	25 582	–	–	57 188	65 930	44 041
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	5 083	1 992	3 313	1 155	5 900	–	–	3 020	3 198	3 377
Total sources of capital funds	41 242	31 244	52 461	26 737	31 482	–	–	60 208	69 128	47 418
Financial position										
Total current assets	55 586	58 912	14 321	60 782	14 321	14 321	14 321	15 129	16 022	16 919
Total non current assets	211 534	259 431	310 756	84 364	98 663	98 663	310 756	326 772	346 052	365 430
Total current liabilities	37 061	43 220	18 444	16 856	16 856	16 856	18 444	19 330	20 470	21 617
Total non current liabilities	3 928	4 158	4 433	4 433	4 433	4 433	4 433	4 646	4 920	5 195
Community wealth/Equity	226 131	270 965	302 200	144 957	144 957	144 957	302 200	316 705	335 391	354 173
Cash flows										
Net cash from (used) operating	43 756	41 598	5 613	25 626	27 403	27 403	27 403	58 099	61 234	31 348
Net cash from (used) investing	(37 227)	(40 360)	(51 385)	(25 582)	(25 582)	(25 582)	(25 582)	(57 188)	(65 930)	(44 041)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	63 444	47 091	1 319	1 363	3 140	3 140	3 140	4 051	(645)	(13 338)
Cash backing/surplus reconciliation										
Cash and investments available	45 853	47 091	1 319	51 423	1 319	1 319	1 319	2 603	2 757	2 911
Application of cash and investments	39 173	41 620	16 667	7 308	2 479	2 479	16 667	6 237	6 590	6 932
Balance - surplus (shortfall)	6 679	5 471	(15 348)	44 115	(1 160)	(1 160)	(15 348)	(3 634)	(3 833)	(4 022)
Asset management										
Asset register summary (WDV)	176 032	175 909	162 936	205 636	37 982	37 982	63 896	63 896	73 033	51 542
Depreciation & asset impairment	4 178	4 672	5 144	2 466	2 466	2 466	2 585	2 585	2 737	2 890
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	661	499	2 751	9 833	–	–	10 866	10 866	13 996	14 780
Free services										
Cost of Free Basic Services provided	314	561	584	600	910	910	1 130	1 130	1 197	1 264
Revenue cost of free services provided	–	–	–	–	–	–	49 798	49 798	49 833	49 868
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

KZN286 Nkandla - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
Governance and administration		54 910	62 545	59 965	88 581	87 379	87 379	103 309	103 639	101 703
Executive and council		3 392	4 301	–	–	–	–	–	–	–
Budget and treasury office		50 494	57 847	59 953	88 581	87 379	87 379	103 309	103 639	101 703
Corporate services		1 025	397	12	–	–	–	–	–	–
Community and public safety		2 698	4 575	968	711	707	707	1 469	1 551	1 634
Community and social services		2 698	4 575	968	711	707	707	1 469	1 551	1 634
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		30 226	35 699	46 417	41 175	16 689	16 689	3 037	2 131	2 251
Planning and development		30 226	35 699	46 417	41 175	16 689	16 689	3 037	2 131	2 251
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	–	–	–	16 000	16 944	17 893
Electricity		–	–	–	–	–	–	16 000	16 944	17 893
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	87 834	102 819	107 350	130 467	104 775	104 775	123 815	124 265	123 480
Expenditure - Standard										
Governance and administration		31 516	39 468	52 800	45 782	47 464	47 464	63 344	67 081	70 837
Executive and council		9 436	13 484	16 729	14 922	12 479	12 479	27 466	29 087	30 715
Budget and treasury office		13 424	13 831	22 719	16 118	21 693	21 693	20 523	21 734	22 951
Corporate services		8 657	12 153	13 353	14 742	13 291	13 291	15 354	16 260	17 171
Community and public safety		9 318	9 822	16 144	27 941	17 669	17 669	19 401	20 436	21 571
Community and social services		9 318	9 822	16 144	27 941	17 669	17 669	19 401	20 436	21 571
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		19 597	16 177	22 461	31 118	37 821	37 821	23 810	24 129	25 480
Planning and development		19 597	16 177	22 461	31 118	37 821	37 821	23 810	24 129	25 480
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		378	601	734	420	100	100	16 350	17 315	18 284
Electricity		–	–	–	–	–	–	16 000	16 944	17 893
Water		–	–	–	–	–	–	–	–	–
Waste water management		378	601	734	420	100	100	350	371	391
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	60 810	66 069	92 139	105 261	103 054	103 054	122 904	128 961	136 173
Surplus/(Deficit) for the year		27 025	36 750	15 211	25 206	1 720	1 720	911	(4 696)	(12 692)

KZN286 Nkandla - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard										
Municipal governance and administration		54 910	62 545	59 965	88 581	87 379	87 379	103 309	103 639	101 703
Executive and council		3 392	4 301	–	–	–	–	–	–	–
Mayor and Council		3 392	4 301	–				–	–	–
Municipal Manager								–	–	–
Budget and treasury office		50 494	57 847	59 953	88 581	87 379	87 379	103 309	103 639	101 703
Corporate services		1 025	397	12	–	–	–	–	–	–
Human Resources		1 025	397	12				–	–	–
Information Technology										
Property Services										
Other Admin				–						
Community and public safety		2 698	4 575	968	711	707	707	1 469	1 551	1 634
Community and social services		2 698	4 575	968	711	707	707	1 469	1 551	1 634
Libraries and Archives		2 698	4 575	968	706	702	702	1 469	1 551	1 634
Museums & Art Galleries etc		–								
Community halls and Facilities		–								
Cemeteries & Crematoriums		–		–	5	5	5			
Child Care		–								
Aged Care		–								
Other Community		–								
Other Social		–								
Sport and recreation		–								
Public safety		–	–	–	–	–	–	–	–	–
Police										
Fire										
Civil Defence										
Street Lighting										
Other										
Housing										
Health		–	–	–	–	–	–	–	–	–
Clinics										
Ambulance										
Other										
Economic and environmental services		30 226	35 699	46 417	41 175	16 689	16 689	3 037	2 131	2 251
Planning and development		30 226	35 699	46 417	41 175	16 689	16 689	3 037	2 131	2 251
Economic Development/Planning		30 226	35 699	46 417	41 175	16 689	16 689	3 037	2 131	2 251
Town Planning/Building enforcement										
Licensing & Regulation										
Road transport		–	–	–	–	–	–	–	–	–
Roads										
Public Buses										
Parking Garages										
Vehicle Licensing and Testing										
Other										
Environmental protection		–	–	–	–	–	–	–	–	–
Pollution Control										
Biodiversity & Landscape										
Other										
Trading services		–	–	–	–	–	–	16 000	16 944	17 893
Electricity		–	–	–	–	–	–	16 000	16 944	17 893
Electricity Distribution								16 000	16 944	17 893
Electricity Generation										
Water		–	–	–	–	–	–	–	–	–
Water Distribution										
Water Storage										
Waste water management		–	–	–	–	–	–	–	–	–
Sewerage										
Storm Water Management										
Public Toilets										
Waste management		–	–	–	–	–	–	–	–	–
Solid Waste										
Other		–	–	–	–	–	–	–	–	–
Air Transport										
Abattoirs										
Tourism										
Forestry										
Markets		–								
Total Revenue - Standard	2	87 834	102 819	107 350	130 467	104 775	104 775	123 815	124 265	123 480
Expenditure - Standard										
Municipal governance and administration		31 516	39 468	52 800	45 782	47 464	47 464	63 344	67 081	70 837
Executive and council		9 436	13 484	16 729	14 922	12 479	12 479	27 466	29 087	30 715
Mayor and Council		6 379	8 920	12 159	10 261	8 735	8 735	9 123	9 661	10 202
Municipal Manager		3 056	4 563	4 570	4 661	3 745	3 745	18 343	19 425	20 513
Budget and treasury office		13 424	13 831	22 719	16 118	21 693	21 693	20 523	21 734	22 951
Corporate services		8 657	12 153	13 353	14 742	13 291	13 291	15 354	16 260	17 171
Human Resources		8 657	12 153	13 353	14 742	13 291	13 291	15 354	16 260	17 171
Information Technology		–								
Property Services										
Other Admin										
Community and public safety		9 318	9 822	16 144	27 941	17 669	17 669	19 401	20 436	21 571
Community and social services		9 318	9 822	16 144	27 941	17 669	17 669	19 401	20 436	21 571
Libraries and Archives		9 318	9 822	16 144	27 941	17 669	17 669	19 401	20 436	21 571
Museums & Art Galleries etc										
Community halls and Facilities										
Cemeteries & Crematoriums										

KZN286 Nkandla - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
EXECUTIVE COUNCIL		3 392	4 301	–	4 267	4 267	4 267	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]		–	–	–	–	–	–	–	–	–
Vote 3 - BUDGET AND TREASURY]		50 494	57 847	59 953	88 581	87 379	87 379	103 309	103 639	101 703
Vote 4 - CORPORATES SERVICES		1 025	397	12	–	–	–	–	–	–
Vote 5 - COMMUNITY		2 698	4 575	968	711	707	707	1 469	1 551	1 634
Vote 6 - TECHNICAL		30 226	35 699	46 417	41 175	16 689	16 689	19 037	19 075	20 143
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	87 834	102 819	107 350	134 734	109 042	109 042	123 815	124 265	123 480
Expenditure by Vote *to be appropriated*	1									
EXECUTIVE COUNCIL		6 379	8 920	12 159	10 261	8 735	8 735	9 123	9 661	10 202
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]		3 056	4 563	4 570	4 661	3 745	8 745	18 343	19 425	20 513
Vote 3 - BUDGET AND TREASURY]		13 424	13 831	22 719	16 118	21 693	21 693	20 523	21 734	22 951
Vote 4 - CORPORATES SERVICES		8 657	12 153	13 353	14 742	13 291	13 291	15 354	16 260	17 171
Vote 5 - COMMUNITY		9 318	9 822	16 144	27 941	17 669	17 669	19 401	20 436	21 571
Vote 6 - TECHNICAL		19 597	16 177	22 461	31 118	37 821	37 821	40 160	41 444	43 765
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	60 432	65 468	91 405	104 841	102 954	107 954	122 904	128 961	136 174
Surplus/(Deficit) for the year	2	27 403	37 351	15 945	29 893	6 087	1 087	911	(4 696)	(12 693)

References

1. Insert 'Vote'; e.g. department, if different to standard classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

KZN286 Nkandla - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	1 494	1 667	6 912	5 400	7 700	7 700	–	7 794	8 254	8 716
Property rates - penalties & collection charges		–	–	–	125	390	390		409	433	675
Service charges - electricity revenue	2	2 569	6 591	10 669	14 500	14 500	14 500	–	13 800	14 614	15 433
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	378	601	734	420	100	100	–	394	417	441
Service charges - other		67		–	12	159	159	–	–	–	–
Rental of facilities and equipment		355		838	492	255	255	–	893	946	999
Interest earned - external investments		1 577	1 588	1 288	1 460	500	500	–	1 100	1 165	1 230
Interest earned - outstanding debtors		–	1 301	1 790	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	10	10	10	–	20	21	22
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		44 866	60 255	54 265	71 044	70 946	70 946	–	86 720	84 981	81 778
Other revenue	2	609	1 546	1 526	11 422	7 215	7 215	–	12 686	13 434	14 187
Gains on disposal of PPE		40	486	–	–	3 000	3 000	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		51 954	74 036	78 023	104 885	104 775	104 775	–	123 815	124 265	123 480
Expenditure By Type											
Employee related costs	2	11 554	15 986	24 055	28 326	32 166	32 166	–	37 457	36 637	38 689
Remuneration of councillors		4 872	5 459	6 731	7 274	7 274	7 274	–	7 623	8 073	8 525
Debt impairment	3	–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment	2	4 178	4 672	5 144	2 466	2 466	2 466	–	2 585	2 737	2 890
Finance charges		222		–	82	–			83	88	93
Bulk purchases	2	6 080	8 031	8 073	12 513	12 513	12 513	–	16 000	16 944	17 893
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		–	–	4 553	6 436	9 430	9 430	–	7 504	7 947	8 313
Transfers and grants		8 413	3 415	–	–	–	–	–	830	879	928
Other expenditure	4, 5	25 112	27 905	42 586	45 248	39 104	39 104	–	50 822	55 656	58 842
Loss on disposal of PPE		–	–	263	–	–	–	–	–	–	–
Total Expenditure		60 432	65 468	91 405	102 345	102 954	102 954	–	122 904	128 961	136 173
Surplus/(Deficit)		(8 478)	8 568	(13 382)	2 539	1 820	1 821	–	911	(4 696)	(12 693)
Transfers recognised - capital		35 881	28 783	29 327	25 582	25 582	25 582		57 188	65 930	44 041
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		27 403	37 351	15 945	28 121	27 402	27 403	–	58 099	61 234	31 348
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		27 403	37 351	15 945	28 121	27 402	27 403	–	58 099	61 234	31 348
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		27 403	37 351	15 945	28 121	27 402	27 403	–	58 099	61 234	31 348
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		27 403	37 351	15 945	28 121	27 402	27 403	–	58 099	61 234	31 348

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method

KZN286 Nkandla - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]		–	–	–	–	–	–	–	–	–	–
Vote 3 - BUDGET AND TREASURY]		–	–	–	–	–	–	–	–	–	–
Vote 4 - CORPORATES SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY		–	–	–	–	–	–	–	–	–	–
Vote 6 - TECHNICAL		35 881	28 783	49 148	–	25 582	25 582	–	57 188	65 930	44 041
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	35 881	28 783	49 148	–	25 582	25 582	–	57 188	65 930	44 041
Single-year expenditure *to be appropriated*	2										
Vote 1 - EXECUTIVE COUNCIL		90	90	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]		85	85	–	30	–	–	–	–	–	–
Vote 3 - BUDGET AND TREASURY]		70	70	577	675	900	900	–	3 020	3 198	3 377
Vote 4 - CORPORATES SERVICES		860	860	1 377	220	–	–	–	–	–	–
Vote 5 - COMMUNITY		4 073	73	–	110	–	–	–	–	–	–
Vote 6 - TECHNICAL		183	1 283	1 359	120	5 000	5 000	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		5 361	2 461	3 313	1 155	5 900	5 900	–	3 020	3 198	3 377
Total Capital Expenditure - Vote		41 242	31 244	52 461	1 155	31 482	31 482	–	60 208	69 128	47 418
Capital Expenditure - Standard											
Governance and administration		1 105	1 105	1 954	925	900	900	–	3 020	3 198	3 377
Executive and council		175	175	–	30	–					
Budget and treasury office		70	70	577	675	900	900		3 020	3 198	3 377
Corporate services		860	860	1 377	220	–	–				
Community and public safety		4 073	73	–	110	–	–	–	–	–	–
Community and social services		4 073	73	–	110	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		36 064	30 066	50 507	25 702	30 582	30 582	–	57 188	65 930	44 041
Planning and development		36 064	30 066	1 359	120	30 582	30 582		57 188	65 930	44 041
Road transport		–	–	49 148	25 582	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	3	41 242	31 244	52 461	26 737	31 482	31 482	–	60 208	69 128	47 418
Funded by:											
National Government		35 881	28 783	49 148	25 582	25 582	–	–	57 188	65 930	44 041
Provincial Government		278	469	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	36 159	29 252	49 148	25 582	25 582	–	–	57 188	65 930	44 041
Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		5 083	1 992	3 313	1 155	5 900	–	–	3 020	3 198	3 377
Total Capital Funding	7	41 242	31 244	52 461	26 737	31 482	–	–	60 208	69 128	47 418

KZN286 Nkandla - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		45 853	47 091	1 319	51 423	1 319	1 319	1 319	1 503	1 592	1 681
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	5 843	7 311	10 619	6 983	10 619	10 619	10 619	11 129	11 785	12 445
Other debtors		3 890	4 510	2 292	2 376	2 291	2 291	2 291	2 401	2 543	2 685
Current portion of long-term receivables						–		–	–	–	–
Inventory	2			91		91	91	91	96	101	107
Total current assets		55 586	58 912	14 321	60 782	14 321	14 321	14 321	15 129	16 022	16 919
Non current assets											
Long-term receivables						–	–	–	–	–	–
Investments						–	–	–	1 100	1 165	1 230
Investment property		38	18	5 896	18	5 896	5 896	5 896	6 179	6 543	6 910
Investment in Associate						–	–	–	–	–	–
Property, plant and equipment	3	210 931	258 950	303 447	83 855	92 263	92 263	303 447	318 013	336 776	355 635
Agricultural						–	–	–	–	–	–
Biological						–	–	–	–	–	–
Intangible		566	462	505	491	505	505	505	529	560	591
Other non-current assets				908				908	952	1 008	1 064
Total non current assets		211 534	259 431	310 756	84 364	98 663	98 663	310 756	326 772	346 052	365 430
TOTAL ASSETS		267 120	318 343	325 077	145 145	112 984	112 984	325 077	341 901	362 073	382 349
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits					76	76	76		–		
Trade and other payables	4	35 842	41 620	16 667	16 667	16 667	16 667	16 667	17 467	18 498	19 533
Provisions		1 218	1 599	1 777	113	113	113	1 777	1 863	1 973	2 083
Total current liabilities		37 061	43 220	18 444	16 856	16 856	16 856	18 444	19 330	20 470	21 617
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		3 928	4 158	4 433	4 433	4 433	4 433	4 433	4 646	4 920	5 195
Total non current liabilities		3 928	4 158	4 433	4 433	4 433	4 433	4 433	4 646	4 920	5 195
TOTAL LIABILITIES		40 989	47 378	22 877	21 289	21 289	21 289	22 877	23 975	25 390	26 812
NET ASSETS	5	226 131	270 965	302 200	123 857	91 696	91 696	302 199	317 926	336 683	355 537
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		226 131	270 965	302 200	144 957	144 957	144 957	302 200	316 705	335 391	354 173
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	226 131	270 965	302 200	144 957	144 957	144 957	302 200	316 705	335 391	354 173

KZN286 Nkandla - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		17 154	15 384	19 153	32 381	33 329	33 329	33 329	8 203	8 687	9 391
Service charges							–	–	14 194	15 031	15 873
Other revenue		–	–	1 526	–	–	–	–	13 599	14 401	15 208
Government - operating	1	44 866	60 255	54 265	71 044	70 946	70 946	70 946	86 720	84 981	81 778
Government - capital	1	35 881	28 783	29 327	25 582	25 582	25 582	25 582	57 188	65 930	44 041
Interest		1 672	1 588	3 078	1 460	500	500	500	1 100	1 165	1 230
Dividends				–		–	–	–	–	–	–
Payments											
Suppliers and employees		(55 594)	(64 411)	(101 737)	(104 841)	(102 954)	(102 954)	(102 954)	(122 074)	(128 082)	(135 245)
Finance charges		(222)		–		–	–	–	–	–	–
Transfers and Grants	1			–		–	–	–	(830)	(879)	(928)
NET CASH FROM/(USED) OPERATING ACTIVITIES		43 756	41 598	5 613	25 626	27 403	27 403	27 403	58 099	61 234	31 348
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(77)	736	(22 058)	–				–	–	–
Decrease (Increase) in non-current debtors									–	–	–
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(37 150)	(41 096)	(29 327)	(25 582)	(25 582)	(25 582)	(25 582)	(57 188)	(65 930)	(44 041)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(37 227)	(40 360)	(51 385)	(25 582)	(25 582)	(25 582)	(25 582)	(57 188)	(65 930)	(44 041)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		6 529	1 239	(45 772)	44	1 821	1 821	1 821	911	(4 696)	(12 693)
Cash/cash equivalents at the year begin:	2	56 915	45 853	47 091	1 319	1 319	1 319	1 319	3 140	4 051	(645)
Cash/cash equivalents at the year end:	2	63 444	47 091	1 319	1 363	3 140	3 140	3 140	4 051	(645)	(13 338)

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

KZN286 Nkandla - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		17 154	15 384	19 153	32 381	33 329	33 329	33 329	8 203	8 687	9 391
Service charges							–	–	14 194	15 031	15 873
Other revenue		–	–	1 526	–	–	–	–	13 599	14 401	15 208
Government - operating	1	44 866	60 255	54 265	71 044	70 946	70 946	70 946	86 720	84 981	81 778
Government - capital	1	35 881	28 783	29 327	25 582	25 582	25 582	25 582	57 188	65 930	44 041
Interest		1 672	1 588	3 078	1 460	500	500	500	1 100	1 165	1 230
Dividends				–		–	–	–	–	–	–
Payments											
Suppliers and employees		(55 594)	(64 411)	(101 737)	(104 841)	(102 954)	(102 954)	(102 954)	(122 074)	(128 082)	(135 245)
Finance charges		(222)		–		–	–	–	–	–	–
Transfers and Grants	1			–		–	–	–	(830)	(879)	(928)
NET CASH FROM/(USED) OPERATING ACTIVITIES		43 756	41 598	5 613	25 626	27 403	27 403	27 403	58 099	61 234	31 348
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(77)	736	(22 058)	–				–	–	–
Decrease (Increase) in non-current debtors									–	–	–
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(37 150)	(41 096)	(29 327)	(25 582)	(25 582)	(25 582)	(25 582)	(57 188)	(65 930)	(44 041)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(37 227)	(40 360)	(51 385)	(25 582)	(25 582)	(25 582)	(25 582)	(57 188)	(65 930)	(44 041)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing									–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		6 529	1 239	(45 772)	44	1 821	1 821	1 821	911	(4 696)	(12 693)
Cash/cash equivalents at the year begin:	2	56 915	45 853	47 091	1 319	1 319	1 319	1 319	3 140	4 051	(645)
Cash/cash equivalents at the year end:	2	63 444	47 091	1 319	1 363	3 140	3 140	3 140	4 051	(645)	(13 338)

KZN286 Nkandla - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	63 444	47 091	1 319	1 363	3 140	3 140	3 140	4 051	(645)	(13 338)
Other current investments > 90 days		(17 591)	–	–	50 060	(1 821)	(1 821)	(1 821)	(2 548)	2 236	15 018
Non current assets - Investments	1	–	–	–	–	–	–	–	1 100	1 165	1 230
Cash and investments available:		45 853	47 091	1 319	51 423	1 319	1 319	1 319	2 603	2 757	2 911
Application of cash and investments											
Unspent conditional transfers		31 919	33 109	4 436	4 436	4 436	4 436	4 436	4 649	4 924	5 199
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2			–	–	–	–	–	–	–	–
Other working capital requirements	3	3 923	8 511	12 231	2 872	(1 957)	(1 957)	12 231	(712)	(754)	(797)
Other provisions		2 111		–	–	–	–	–	1 500	1 520	1 530
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	1 220		–	–	–	–	–	800	900	1 000
Total Application of cash and investments:		39 173	41 620	16 667	7 308	2 479	2 479	16 667	6 237	6 590	6 932
Surplus(shortfall)		6 679	5 471	(15 348)	44 115	(1 160)	(1 160)	(15 348)	(3 634)	(3 833)	(4 022)

KZN286 Nkandla - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
Total New Assets	1	41 242	31 244	51 596	4 000	–	–	58 688	69 128	47 418
Infrastructure - Road transport		21 242	11 244	21 081	–	–	–	22 188	22 930	24 041
Infrastructure - Electricity		20 000	20 000	20 000	4 000	–	–	35 000	43 000	20 000
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		*41 242*	*31 244*	*41 081*	*4 000*	–	–	*57 188*	*65 930*	*44 041*
Community		–	–	7 010	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	3 505	–	–	–	1 500	3 198	3 377
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		21 242	11 244	21 081	–	–	–	22 188	22 930	24 041
Infrastructure - Electricity		20 000	20 000	20 000	4 000	–	–	35 000	43 000	20 000
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		*41 242*	*31 244*	*41 081*	*4 000*	–	–	*57 188*	*65 930*	*44 041*
Community		–	–	7 010	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		–	–	3 505	–	–	–	1 500	3 198	3 377
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	41 242	31 244	51 596	4 000	–	–	58 688	69 128	47 418
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		60 703	60 703	21 810	56 874	21 582	21 582	22 188	22 930	24 041
Infrastructure - Electricity		–			–	4 000	4 000	35 000	43 000	20 000
Infrastructure - Water		–		20 000						
Infrastructure - Sanitation		–								
Infrastructure - Other		2 507	2 507	2 507	117 503					
Infrastructure		*63 210*	*63 210*	*44 317*	*174 377*	*25 582*	*25 582*	*57 188*	*65 930*	*44 041*
Community					27 798	5 000	5 000			
Heritage assets										
Investment properties		38	18	5 896	18	5 896	5 896	6 179	6 543	6 910
Other assets		112 218	112 218	112 218	2 951	1 000	1 000			
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		566	462	505	491	505	505	529	560	591
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	176 032	175 909	162 936	205 636	37 982	37 982	63 896	73 033	51 542
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		4 178	4 672	5 144	2 466	2 466	2 466	2 585	2 737	2 890
Repairs and Maintenance by Asset Class	3	661	499	2 751	9 833	–	–	10 866	13 996	14 780
Infrastructure - Road transport		661	499	2 751	2 500	–	–	1 100	1 165	1 230
Infrastructure - Electricity		–	–	–	4 000	–	–	6 000	8 472	8 946
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		*661*	*499*	*2 751*	*6 500*	–	–	*7 100*	*9 637*	*10 177*
Community		–	–	–	–	–	–	1 300	847	895
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	–	–	–	3 333	–	–	2 466	3 512	3 708
TOTAL EXPENDITURE OTHER ITEMS		4 839	5 170	7 894	12 299	2 466	2 466	13 451	16 733	17 670
Renewal of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
R&M as a % of PPE		*0.3%*	*0.2%*	*0.9%*	*11.7%*	*0.0%*	*0.0%*	*3.4%*	*4.2%*	*4.2%*
Renewal and R&M as a % of PPE		*0.0%*	*0.0%*	*2.0%*	*5.0%*	*0.0%*	*0.0%*	*17.0%*	*19.0%*	*29.0%*

PART 2-SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Nkandla Municipality does not have a budget steering committee but Nkandla does have all the personnel that form part of steering committee and were fully part of the budget process.

1.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor of Nkandla municipality tabled in Council the IDP and budget time schedule on 29 August 2013. Key dates applicable to the process were:

- **August 2014** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2015/16 MTREF;

- **November 2014** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines, The due date for submissions of departmental proposal of budget was on the 28th of November 2013.
- **10 to 11 January 2015 -** Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations. The municipality had a strategic planning to review the financial strategy, key economic and financial planning assumptions of the municipality.
- **16January 2015** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **23 January 2015 -** Council considers the 2013/14 Mid-year Review and Adjustments Budget;
- **February 2015 -** Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2014/15 MTREF is revised accordingly.
- **27 March 20**15**-** Tabling in Council of the draft 2015/16 IDP and 2014/15 MTREF for public consultation;
- **03 April 2015** – Public consultation;
- **09 May 2015-** Closing date for written comments;
- **9 to 21 May2015** – finalisation of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **29 May 2014 -** Tabling of the 2015/16 MTREF before Council for consideration and approval.

1.1.2 IDP and Service Delivery and Budget Implementation Plan.

The Nkandla's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Nkandla growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

1.1.4 Community Consultation

This is draft for 2015/16 MTREF and is still to be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries for consultation.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process from 01 to 29 April 2015, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers. This is up on the previous year's process. Imbizo's were held to further to ensure transparency and interaction. Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2014/15 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Nkandla municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
-

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to Nkandla, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that Nkandla strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Nkandla's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 2 IDP Strategic Objectives

2014/15 Financial Year	2015/16MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Nkandla to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
    - Provide electricity;
    - Provide waste removal;
    - Provide roads and storm water;
    - Provide city planning services; and
    - Maintaining the infrastructure of Nkandla.

2. Economic growth and development that leads to sustainable job creation by:
    - Ensuring there is a clear structural plan for Nkandla;
    - Ensuring planning processes function in accordance with set timeframes;
    - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
    - Effective implementation of the Indigent Policy;
    - Working with the provincial department of health to provide primary health care services;
    - Extending waste removal services and ensuring effective city cleansing;
    - Ensuring all waste water treatment works are operating optimally;
    - Working with strategic partners such as SAPS to address crime;
    - Ensuring save working environments by effective enforcement of building and health regulations;
    - Promote viable, sustainable communities through proper zoning; and
    - Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities
    - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
    - Optimising effective community participation in the ward committee system; and
    - Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:
    - Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:
    - Reviewing the use of contracted services
    - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
    - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for Nkandla. The five-year programme responds to the development challenges and opportunities faced by the Nkandla by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, Nkandla undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources at Nkandla so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Nkandla's IDP, associated sectoral plans and strategies, and the allocation of resources of Nkandla and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of Nkandla municipality.
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

KZN286 Nkandla - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Provide quality basic servicses	Electricity,Rates and Waste removal			8 561	35 881	28 783	12 513					
Financial Management And Viability	To Manage operating activities,eg Salaries,stationery ect.			61 538	44 037	73 825	47 079					
LED and Social Development	To Managevelopment LED project,Gender Empowerment ,Cultural development and Early childhood Development			–	–	–	45 248					
Municipal Transformation and instututionak development												
Good governance participation and ward committee system												
Allocations to other priorities												
Total Expenditure			1	70 099	79 918	102 608	104 841	–	–	–	–	–

1.2 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Nkandla municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

Figure 1 Planning, budgeting and reporting cycle

The performance of Nkandla municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

1.3 Overview of budget related-policies

The Nkandla's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Credit control and debt collection procedures/policies

Asset Management, Infrastructure Investment and Funding Policy

Budget Adjustment Policy

Supply Chain Management Policy

Budget and Virement Policy

Cash Management and Investment Policy

Tariff Policies
Property Rates Policy;
Funding and Reserves Policy;
Borrowing Policy;
Budget Policy; and
Basic Social Services Package (Indigent Policy).

All of the policies are available on the Nkandla's website

1.4 Overview of budget assumptions

1.4.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Nkandla's finances.

1.4.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Nkandla's residents and businesses;
- The impact of municipal cost drivers.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	1 494	1 667	6 912	5 400	7 700	7 700	–	7 794	8 254	8 716
Property rates - penalties & collection charges		–	–	–	125	390	390		409	433	675
Service charges - electricity revenue	2	2 569	6 591	10 669	14 500	14 500	14 500	–	13 800	14 614	15 433
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	378	601	734	420	100	100	–	394	417	441
Service charges - other		67		–	12	159	159	–	–	–	–
Rental of facilities and equipment		355		838	492	255	255	–	893	946	999
Interest earned - external investments		1 577	1 588	1 288	1 460	500	500	–	1 100	1 165	1 230
Interest earned - outstanding debtors		–	1 301	1 790	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		–	–	–	–	–	–	–	–	–	–
Licences and permits		–	–	–	10	10	10	–	20	21	22
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		44 866	60 255	54 265	71 044	70 946	70 946	–	86 720	84 981	81 778
Other revenue	2	609	1 546	1 526	11 422	7 215	7 215	–	12 686	13 434	14 187
Gains on disposal of PPE		40	486	–	–	3 000	3 000	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		51 954	74 036	78 023	104 885	104 775	104 775	–	123 815	124 265	123 480

2.7 Expenditure on grants and reconciliations of unspent funds.

KZN286 Nkandla - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		42 835	46 333	52 179	70 359	69 379	69 379	85 997	84 220	80 978
Local Government Equitable Share		40 191	43 237	46 726	65 977	64 997	64 997	82 242	81 438	78 045
Finance Management		1 587	1 269	1 817	1 800	1 800	1 800	1 800	1 825	1 900
Municipal Systems Improvement		1 057	835	896	934	934	934	930	957	1 033
EPWP Incentive			992	2 740	1 648	1 648	1 648	1 025	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		9 847	3 301	930	685	685	685	553	586	618
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
		9 493	2 616	–	–	–	–	–	–	–
Provincialisation of libraries		354	684	930	685	685	685	553	586	618
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–							
Other grant providers:		1 677	1 054	–	–	–	–	170	180	190
		1 677	1 054							
Community library Service								170	180	190
Total operating expenditure of Transfers and Grants:		54 359	50 688	53 109	71 044	70 064	70 064	86 720	84 986	81 787
Capital expenditure of Transfers and Grants										
National Government:		26 388	38 350	29 327	25 582	25 582	25 582	57 188	65 930	44 041
Municipal Infrastructure Grant (MIG)		19 641	13 537	24 881	21 582	21 582	21 582	22 188	22 930	24 041
						–	–			
						–	–			
						–	–			
						–	–			
INEP		6 747	24 813	4 446	4 000	4 000	4 000	35 000	43 000	20 000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		26 388	38 350	29 327	25 582	25 582	25 582	57 188	65 930	44 041
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		80 747	89 038	82 435	96 626	95 646	95 646	143 908	150 916	125 828

2.8Councillor and employee benefits

KZN286 Nkandla - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5 017	5 018	5 290	4 714	4 714	4 714	4 941	5 232	5 525
Pension and UIF Contributions		–	673	762	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	–	1 706	1 706	1 706	1 788	1 893	1 999
Cellphone Allowance		302	302	323	597	597	597	626	663	700
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		98	139	1 414	257	257	257	269	285	301
Sub Total - Councillors		5 417	6 132	7 789	7 274	7 274	7 274	7 623	8 073	8 525
% increase	4		13.2%	27.0%	(6.6%)	(0.0%)	–	4.8%	5.9%	5.6%

2.9Monthly targets for revenue, expenditure and cash flow

KZN286 Nkandla - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source																
Property rates		649	649	649	649	649	649	649	649	649	649	649	649	7 794	8 254	8 716
Property rates - penalties & collection charges		34	34	34	34	34	34	34	34	34	34	34	34	409	433	675
Service charges - electricity revenue		1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	13 800	14 614	15 433
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		33	33	33	33	33	33	33	33	33	33	33	33	394	417	441
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		74	74	74	74	74	74	74	74	74	74	74	74	893	946	999
Interest earned - external investments		92	92	92	92	92	92	92	92	92	92	92	92	1 100	1 165	1 230
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	86 720	84 981	81 778
Other revenue		1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	12 686	13 434	14 187
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributio		10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	123 815	124 265	123 480
Expenditure By Type																
Employee related costs		3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	37 457	36 637	38 689
Remuneration of councillors		635	635	635	635	635	635	635	635	635	635	635	635	7 623	8 073	8 525
Debt impairment		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment		215	215	215	215	215	215	215	215	215	215	215	215	2 585	2 737	2 890
Finance charges		7	7	7	7	7	7	7	7	7	7	7	7	83	88	93
Bulk purchases		1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	16 000	16 944	17 893
Other materials		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services		625	625	625	625	625	625	625	625	625	625	625	625	7 504	7 947	8 313
Transfers and grants		69	69	69	69	69	69	69	69	69	69	69	69	830	879	928
Other expenditure		4 235	4 235	4 235	4 235	4 235	4 235	4 235	4 235	4 235	4 235	4 235	4 235	50 822	55 656	58 842
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	122 904	128 961	136 173
Surplus/(Deficit)		76	76	76	76	76	76	76	76	76	76	76	76	911	(4 696)	(12 693)
Transfers recognised - capital		4 766	5 494	3 670	3 670	3 670	3 670	3 670	3 670	3 670	3 670	3 670	13 897	57 188	65 930	44 041
Contributions recognised - capital													–	–	–	–
Contributed assets													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		4 842	5 570	3 746	3 746	3 746	3 746	3 746	3 746	3 746	3 746	3 746	13 973	58 099	61 234	31 348
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	4 842	5 570	3 746	3 746	3 746	3 746	3 746	3 746	3 746	3 746	3 746	13 973	58 099	61 234	31 348

KZN286 Nkandla - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote																
EXECUTIVE COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - BUDGET AND TREASURY]		8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	103 309	103 639	101 703
Vote 4 - CORPORATES SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY		122	122	122	122	122	122	122	122	122	122	122	122	1 469	1 551	1 634
Vote 6 - TECHNICAL		1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	19 037	19 075	20 143
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Revenue by Vote		10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	123 815	124 265	123 480
Expenditure by Vote to be appropriated																
EXECUTIVE COUNCIL		760	760	760	760	760	760	760	760	760	760	760	760	9 123	9 661	10 202
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]		1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	18 343	19 425	20 513
Vote 3 - BUDGET AND TREASURY]		1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	20 523	21 734	22 951
Vote 4 - CORPORATES SERVICES		1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	15 354	16 260	17 171
Vote 5 - COMMUNITY		1 617	1 617	1 617	1 617	1 617	1 617	1 617	1 617	1 617	1 617	1 617	1 617	19 401	20 436	21 571
Vote 6 - TECHNICAL		3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	3 347	40 160	41 444	43 765
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Expenditure by Vote		10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	10 242	122 904	128 961	136 174
Surplus/(Deficit) before assoc.		76	76	76	76	76	76	76	76	76	76	76	76	911	(4 696)	(12 693)
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	76	76	76	76	76	76	76	76	76	76	76	76	911	(4 696)	(12 693)

KZN286 Nkandla - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard																
Governance and administration		8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	103 309	103 639	101 703
Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Budget and treasury office		–	–	–	–	–	–	–	–	–	–	–	103 309	103 309	103 639	101 703
Corporate services		8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	8 609	(94 700)	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–	–	1 469	1 469	1 551	1 634
Community and social services		–	–	–	–	–	–	–	–	–	–	–	1 469	1 469	1 551	1 634
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		253	253	253	253	253	253	253	253	253	253	253	253	3 037	2 131	2 251
Planning and development		253	253	253	253	253	253	253	253	253	253	253	253	3 037	2 131	2 251
Road transport													–	–	–	–
Environmental protection													–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–	–	–	16 000	16 000	16 944	17 893
Electricity													16 000	16 000	16 944	17 893
Water													–	–	–	–
Waste water management													–	–	–	–
Waste management													–	–	–	–
Other													–	–	–	–
Total Revenue - Standard		8 862	8 862	8 862	8 862	8 862	8 862	8 862	8 862	8 862	8 862	8 862	26 331	123 815	124 265	123 480
			- ---	- ---	- ---	- ---	- ---	- ---	- ---	- ---	- ---	- ---				
Expenditure - Standard																
Governance and administration		13 641	13 641	13 641	13 641	13 641	13 641	13 641	13 641	13 641	13 641	13 641	(86 710)	63 344	67 081	70 837
Executive and council		10 651	10 651	10 651	10 651	10 651	10 651	10 651	10 651	10 651	10 651	10 651	(89 700)	27 466	29 087	30 715
Budget and treasury office		1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	20 523	21 734	22 951
Corporate services		1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	1 280	15 354	16 260	17 171
Community and public safety		19 401	19 401	19 401	19 401	19 401	19 401	19 401	19 401	19 401	19 401	19 401	(194 008)	19 401	20 436	21 571
Community and social services		19 401	19 401	19 401	19 401	19 401	19 401	19 401	19 401	19 401	19 401	19 401	(194 008)	19 401	20 436	21 571
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	23 810	24 129	25 480
Planning and development		1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	1 984	23 810	24 129	25 480
Road transport													–	–	–	–
Environmental protection													–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–	–	–	16 350	16 350	17 315	18 284
Electricity													16 000	16 000	16 944	17 893
Water													–	–	–	–
Waste water management													350	350	371	391
Waste management													–	–	–	–
Other													–	–	–	–
Total Expenditure - Standard		35 026	35 026	35 026	35 026	35 026	35 026	35 026	35 026	35 026	35 026	35 026	(262 384)	122 904	128 961	136 173
Surplus/(Deficit) before assoc.		(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	288 715	911	(4 696)	(12 692)
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	(26 164)	288 715	911	(4 696)	(12 692)

KZN286 Nkandla - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Multi-year expenditure *to be appropriated*	1															
Vote 1 - EXECUTIVE COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - BUDGET AND TREASURY]													–	–	–	–
Vote 4 - CORPORATES SERVICES													–	–	–	–
Vote 5 - COMMUNITY													–	–	–	–
Vote 6 - TECHNICAL		1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	39 737	57 188	65 930	44 041
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital multi-year expenditure sub-total	2	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	1 586	39 737	57 188	65 930	44 041
Single-year expenditure *to be appropriated*																
Vote 1 - EXECUTIVE COUNCIL													–	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]													–	–	–	–
Vote 3 - BUDGET AND TREASURY]		1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	(15 793)	3 020	3 198	3 377
Vote 4 - CORPORATES SERVICES													–	–	–	–
Vote 5 - COMMUNITY													–	–	–	–
Vote 6 - TECHNICAL													–	–	–	–
Vote 7 - [NAME OF VOTE 7]													–	–	–	–
Vote 8 - [NAME OF VOTE 8]													–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital single-year expenditure sub-total	2	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	(15 793)	3 020	3 198	3 377
Total Capital Expenditure	2	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	3 297	23 944	60 208	69 128	47 418

KZN286 Nkandla - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source													1		
Property rates	649	649	649	649	649	649	649	649	649	649	649	649	7 794	8 254	8 716
Property rates - penalties & collection charges	34	34	34	34	34	34	34	34	34	34	34	34	409	433	675
Service charges - electricity revenue	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	1 150	13 800	14 614	15 433
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	33	33	33	33	33	33	33	33	33	33	33	33	394	417	441
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	74	74	74	74	74	74	74	74	74	74	74	74	893	946	999
Interest earned - external investments	92	92	92	92	92	92	92	92	92	92	92	92	1 100	1 165	1 230
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits	2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	7 227	86 720	84 981	81 778
Other revenue	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	1 057	12 686	13 434	14 187
Cash Receipts by Source	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	10 318	123 815	124 265	123 480
Other Cash Flows by Source															
Transfer receipts - capital	19 063			19 063					19 063			–	57 188	65 930	44 041
Contributions recognised - capital & Contributed assets												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits												–			
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	29 381	10 318	10 318	29 381	10 318	10 318	10 318	10 318	29 381	10 318	10 318	10 318	181 003	190 195	167 521
Cash Payments by Type															
Employee related costs	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	3 121	37 457	36 637	38 689
Remuneration of councillors	635	635	635	635	635	635	635	635	635	635	635	635	7 623	8 073	8 525
Finance charges	–	–	–									–			
Bulk purchases - Electricity	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	16 000	16 944	17 893
Bulk purchases - Water & Sewer												–			
Other materials	–	20	20	20	20	20	20	20	20	20	20	40	240	–	–
Contracted services	625	706	706	706	706	706	706	706	706	706	706	(178)	7 504	7 947	8 313
Transfers and grants - other municipalities												–			
Transfers and grants - other												830	830	879	928
Other expenditure	4 451	4 853	5 119	215	215	215	215	215	215	215	215	37 104	53 250	58 481	61 825
Cash Payments by Type	10 166	10 669	10 935	6 031	6 031	6 031	6 031	6 031	6 031	6 031	6 031	42 886	122 904	128 961	136 173
Other Cash Flows/Payments by Type															
Capital assets	4 766	4 766	4 766	4 766	4 766	4 766	4 766	4 766	4 766	4 766	4 766	4 766	57 188	65 930	44 041
Repayment of borrowing												–			
Other Cash Flows/Payments												–			
Total Cash Payments by Type	14 932	15 435	15 700	10 797	10 797	10 797	10 797	10 797	10 797	10 797	10 797	47 652	180 092	194 891	180 214
NET INCREASE/(DECREASE) IN CASH HELD	14 449	(5 117)	(5 382)	18 584	(479)	(479)	(479)	(479)	18 584	(479)	(479)	(37 334)	911	(4 696)	(12 693)
Cash/cash equivalents at the month/year begin:	3 140	17 589	12 472	7 090	25 674	25 195	24 716	24 238	23 759	42 343	41 864	41 385	3 140	4 051	(645)
Cash/cash equivalents at the month/year end:	17 589	12 472	7 090	25 674	25 195	24 716	24 238	23 759	42 343	41 864	41 385	4 051	4 051	(645)	(13 338)

2.10Contracts having future budgetary implications

In terms of the Nkandla's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three tables present details of the Nkandla's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

KZN286 Nkandla - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		41 242	31 244	41 081	4 000	–	–	57 188	65 930	44 041
Infrastructure - Road transport		21 242	11 244	21 081	–	–	–	22 188	22 930	24 041
Roads, Pavements & Bridges		21 242	11 244	21 081	–	–	–	22 188	22 930	24 041
Storm water					–	–	–			
Infrastructure - Electricity		20 000	20 000	20 000	4 000	–	–	35 000	43 000	20 000
Generation		–	–	–	–	–	–	–	–	–
Transmission & Reticulation		20 000	20 000	20 000	4 000	–	–	35 000	43 000	20 000
Street Lighting		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs		–	–	–	–	–	–	–	–	–
Water purification		–	–	–	–	–	–	–	–	–
Reticulation		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation		–	–	–	–	–	–	–	–	–
Sewerage purification		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management		–	–	–	–	–	–	–	–	–
Transportation	2	–	–	–	–	–	–	–	–	–
Gas		–	–	–	–	–	–	–	–	–
Other	3	–	–	–	–	–	–	–	–	–
Community		–	–	7 010	–	–	–	–	–	–
Parks & gardens		–	–	–	–	–	–	–	–	–
Sportsfields & stadia		–	–	–	–	–	–	–	–	–
Swimming pools		–	–	–	–	–	–	–	–	–
Community halls		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Recreational facilities		–	–	–	–	–	–	–	–	–
Fire, safety & emergency		–	–	–	–	–	–	–	–	–
Security and policing		–	–	–	–	–	–	–	–	–
Buses	7	–	–	–	–	–	–	–	–	–
Clinics		–	–	–	–	–	–	–	–	–
Museums & Art Galleries		–	–	–	–	–	–	–	–	–
Cemeteries		–	–	–	–	–	–	–	–	–
Social rental housing	8	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings		–	–	–	–	–	–	–	–	–
Other	9	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Housing development		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Other assets		–	–	3 505	–	–	–	1 500	3 198	3 377
General vehicles		–	–	–	–	–	–	350	371	391
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		–	–	–	–	–	–	–	–	–
Computers - hardware/equipment		–	–	–	–	–	–	100	582	615
Furniture and other office equipment		–	–	–	–	–	–	750	1 927	2 035
Abattoirs		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Civic Land and Buildings		–	–	–	–	–	–	–	–	–
Other Buildings		–	–	–	–	–	–	–	–	–
Other Land		–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)		–	–	–	–	–	–	–	–	–
Other		–	–	3 505	–	–	–	300	318	335
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming		–	–	–	–	–	–	–	–	–
Other *(list sub-class)*		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on new assets	1	41 242	31 244	51 596	4 000	–	–	58 688	69 128	47 418

Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Fire		–	–	–	–	–	–	–	–	–
Conservancy		–	–	–	–	–	–	–	–	–
Ambulances		–	–	–	–	–	–	–	–	–

KZN286 Nkandla - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		661	499	2 751	6 500	–	–	7 100	9 637	10 177
Infrastructure - Road transport		661	499	2 751	2 500	–	–	1 100	1 165	1 230
Roads, Pavements & Bridges		661	499	2 751	2 500			1 100	1 165	1 230
Storm water										
Infrastructure - Electricity		–	–	–	4 000	–	–	6 000	8 472	8 946
Generation										
Transmission & Reticulation					3 800			5 000	7 413	7 828
Street Lighting					200			1 000	1 059	1 118
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		–	–	–	–	–	–	1 300	847	895
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls								1 300	847	895
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	–	–	3 333	–	–	2 466	3 512	3 708
General vehicles					200			900	953	1 006
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		–	–	–	–	–	–	–	–	–
Computers - hardware/equipment					27			–	–	–
Furniture and other office equipment					100			116	176	186
Abattoirs		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Civic Land and Buildings		–	–	–	–	–	–	–	–	–
Other Buildings		–	–	–	906	–	–	1 400	2 330	2 460
Other Land		–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)		–	–	–	–	–	–	–	–	–
Other		–	–	–	2 100	–	–	50	53	56

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.

2. Internship programme
   The Nkandla is participating in the Municipal Financial Management Internship programme and has employed 5 interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
   An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan
   The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.

6. Annual Report
   Draft Annual report is compiled in terms of the MFMA and National Treasury requirements and still need to be approved by the council.

7. MFMA Training
   The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.

8. Policies
   An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.13Other supporting documents

KZN286 Nkandla - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE COUNCIL		–	–	–	–	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]		–	–	–	–	–	–	
Vote 3 - BUDGET AND TREASURY]		3 020	3 198	3 377	–	–	–	–
Vote 4 - CORPORATES SERVICES		–	–	–	–	–	–	–
Vote 5 - COMMUNITY		–	–	–	–	–	–	–
Vote 6 - TECHNICAL		57 188	65 930	44 041	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–
List entity summary if applicable					–	–	–	–
Total Capital Expenditure		60 208	69 128	47 418	–	–	–	–
Future operational costs by vote	2							
Vote 1 - EXECUTIVE COUNCIL		–	–	–	–	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER]		–	–	–	–	–	–	–
Vote 3 - BUDGET AND TREASURY]		–	–	–	–	–	–	–
Vote 4 - CORPORATES SERVICES		–	–	–	–	–	–	–
Vote 5 - COMMUNITY		–	–	–	–	–	–	–
Vote 6 - TECHNICAL		–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–
List entity summary if applicable		–	–	–	–	–	–	–
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates		–	–	–	–	–	–	–
Property rates - penalties & collection charges		–	–	–	–	–	–	–
Service charges - electricity revenue		–	–	–	–	–	–	–
Service charges - water revenue		–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–
Service charges - refuse revenue		–	–	–	–	–	–	–
Service charges - other		–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	–	–	–	–	–
List other revenues sources if applicable		–	–	–	–	–	–	–
List entity summary if applicable		–	–	–	–	–	–	–
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		60 208	69 128	47 418	–	–	–	–